

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

DMC Global Inc.

Form: 8-K

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): July 27, 2017

DMC GLOBAL INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation)

0-8328

(Commission File Number)

84-0608431

(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)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition.

On July 27, 2017, DMC Global Inc., a Delaware corporation (the "Company"), issued a press release announcing its financial results for the quarter ended June 30, 2017. A copy of the Company's press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information provided in Item 2.02 this Current Report, including Exhibit 99.1 hereto, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed incorporated by reference in any filings under the Securities Act of 1933, as amended, unless specifically stated so therein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|------------------------------|
| 99.1 | Press release, July 27, 2017 |

SIGNATURES

Pursuant to 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 hereunto duly authorized.

DMC Global Inc.

Dated: July 27, 2017

By: /s/ Michael Kuta
Michael Kuta
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number

Description

99.1

Press release, July 27, 2017



FOR IMMEDIATE RELEASE:

CONTACT:

Geoff High, Vice President of Investor Relations
303-604-3924

DMC GLOBAL REPORTS SECOND QUARTER FINANCIAL RESULTS

- Second quarter sales of \$47.2 million increased 21% sequentially and 14% from Q2 2016
- DynaEnergetics and NobelClad segments report sequential sales growth of 22% and 20%, respectively
- Gross margin increased to 30% from 27% in Q1 2017 and 24% in Q2 2016
- Operating income was \$2.0 million, including a \$458,000 restructuring charge
- Net income was \$189,000, or \$0.01 per diluted share, after impact of \$1.0 million in foreign currency losses
- Adjusted EBITDA* was \$6.0 million
- Net debt (lines of credit less cash and cash equivalents) was \$15.3 million at June 30, 2017

BOULDER, Colo. - July 27, 2017 - DMC Global Inc. (Nasdaq: BOOM) today reported financial results for its second quarter ended June 30, 2017.

Sales were \$47.2 million, an increase of 21% sequentially versus the first quarter and an increase 14% versus the second quarter of 2016. The Company exceeded a forecasted sales growth range of 5% to 10% as a result of stronger-than-expected sales at DynaEnergetics, DMC's oilfield products business.

Second quarter gross margin was 30%, up from 27% in the first quarter and 24% in the 2016-second quarter. Gross margin was forecasted in a range of 24% to 26%. The better-than-expected results primarily relate to higher average selling prices and a favorable product mix at DynaEnergetics.

Second quarter operating income was \$2.0 million, which included a \$458,000, largely non-cash restructuring charge at DynaEnergetics associated with the closure of a sales and distribution facility in Kazakhstan. In the comparable year-ago quarter, DMC reported an operating loss of \$822,000.

Net income was \$189,000, or \$0.01 per diluted share, versus a net loss of \$766,000, or \$0.05 per diluted share, in the year-ago second quarter. This year's second quarter was negatively impacted by \$1.0 million in realized and unrealized foreign currency losses principally related to the strengthening Euro against the U.S. dollar and Russian ruble.

Adjusted EBITDA* in the second quarter was \$6.0 million versus \$930,000 in the first quarter of 2017 and \$3.3 million in last year's second quarter.

Net debt (lines of credit less cash and cash equivalents) at June 30, 2017, was \$15.3 million, up from \$9.3 million at December 31, 2016, and down from \$16.9 million at the end of the 2017 first quarter.

DynaEnergetics

Sales at DynaEnergetics were \$26.8 million, up 22% sequentially and an increase of 80% from last year's second quarter. Operating income was \$2.0 million, which included the previously mentioned \$458,000 restructuring charge. In last year's second quarter, DynaEnergetics reported a loss from operations of \$2.9 million. Adjusted EBITDA was \$4.2 million versus a negative \$443,000 in the 2016 second quarter.



NobelClad

NobelClad, DMC's explosion welding business, reported second quarter sales of \$20.4 million, up 20% sequentially and a 23% decline versus the 2016 second quarter. This year's second quarter did not include any large project deliveries, while last year's second quarter included shipments of a \$6.5 million order associated with a semiconductor capital equipment project. Operating income was \$2.3 million versus \$4.1 million in the 2016 second quarter. Adjusted EBITDA was \$3.3 million versus \$5.2 million in the comparable 2016 quarter. NobelClad ended the quarter with an order backlog of \$27.7 million versus \$29.6 million at the end of the first quarter.

Six-month results

Consolidated sales for the six-month period were \$86.2 million, up 5% from \$81.8 million in the 2016 six-month period. Gross margin was 28% versus 25% in the same period a year ago. Operating loss was \$324,000, which included the \$458,000 in restructuring expenses, versus a loss from operations of \$907,000 in the comparable year-ago period, which included approximately \$830,000 in restructuring expenses. Net loss for the period was \$2.8 million, or \$0.20 per diluted share, versus a net loss of \$1.2 million, or \$0.08 per diluted share, in the same period a year ago. Adjusted EBITDA was \$6.9 million versus \$6.3 million for last year's six-month period.

DynaEnergetics

Six-month sales at DynaEnergetics were \$48.8 million, up 61% from \$30.4 million, in last year's six-month period. Operating income was \$2.0 million versus an operating loss of \$2.0 million in the comparable year-ago period. Adjusted EBITDA was \$5.9 million versus \$2.1 million in last year's six-month period.

NobelClad

NobelClad reported six-month sales of \$37.3 million, down 28% from \$51.5 million at the six-month mark last year. Operating income was \$2.7 million, down from \$5.6 million in the comparable year-ago period, while adjusted EBITDA was \$4.7 million versus \$7.6 million.

Management Commentary

"The continued recovery of the North American well completions market, combined with the positive impact of DynaEnergetics' research and development and product introduction programs during the downturn, are clearly evident in the business' second quarter performance," said Kevin Longe, president and CEO. "Unit sales of the intrinsically safe DynaSelect switch-detonator increased 35% sequentially, and were at record levels for the fourth consecutive quarter.

"Demand also was up sharply for the factory-assembled, performance-assured DynaStage perforating system, which has now been deployed by service companies in five major U.S. onshore oil and gas basins, as well as Canada. DynaEnergetics reported a nearly eight-fold increase in DynaStage unit sales versus the 2,500 systems sold during the first quarter. The business continues to ramp its DynaStage production and assembly capacity to address growing demand.

"Many customers are reporting that DynaStage is driving down their operating costs and significantly improving the efficiency, reliability and safety of their perforating programs. These benefits are especially valuable in times of oil-price uncertainty, as the factory-assembled systems reduce the need for expensive infrastructure and the highly-trained personnel required for traditional well perforating operations."

"The efficiencies and cost benefits delivered by DynaEnergetics' family of high-value perforating products have enabled the business to maintain its price and margin recovery efforts, which will continue during the second half of the year," Longe said.

He added, "Although second quarter bookings at NobelClad reflected continued soft end-market spending, the business continues to pursue an expanding range of large project opportunities believed to be nearing the award phase. After



the close of the second quarter, NobelClad secured a \$4 million clad-plate order related to a specialty chemical project in Asia. The order, which will be reflected in NobelClad's third quarter backlog, is one of several sizeable chemical and petrochemical project opportunities the business believes could be awarded later this year and into 2018. A potential \$9 million project we referenced in our first quarter report is among these opportunities."

Longe continued, "Safety is one of the key metrics we use to evaluate our operational performance, and DMC's businesses have now achieved three consecutive months without a lost time or recordable injury in any of our six global manufacturing facilities, most of which deal with explosives and heavy machinery. I am very encouraged by our progress during the first half of 2017, and by the continued commitment of our employees toward operational excellence."

Guidance

Michael Kuta, CFO, said third quarter sales are expected to increase 25% to 30% versus the \$36.6 million reported in the 2016 third quarter. Gross margin is expected to be approximately 30% versus the 23% reported in last year's third quarter. Third quarter selling, general and administrative expense is expected to total \$10.5 million to \$11.0 million versus \$9.5 million in the same quarter last year. Third quarter amortization expense is expected to be approximately \$1.0 million. Kuta said management is maintaining its prior full-year 2017 financial forecast.

Conference call information

Management will hold a conference call to discuss these results today at 5:00 p.m. Eastern (3:00 p.m. Mountain). Investors are invited to listen to the call live via the Internet at: <http://www.investorcalendar.com/event/17943>, or by dialing 877-407-0778 (201-689-8565 for international callers). No passcode is necessary. Webcast participants should access the website at least 15 minutes early to register and download any necessary audio software. A replay of the webcast will be available for 90 days and a telephonic replay will be available through August 4, 2017, by calling 877-481-4010 (919-882-2331 for international callers) and entering the Conference ID #17943.

***Use of Non-GAAP Financial Measures**

Adjusted EBITDA is a non-GAAP (generally accepted accounting principles) financial measure used by management to measure operating performance. Non-GAAP results are presented only as a supplement to the financial statements based on U.S. generally accepted accounting principles (GAAP). The non-GAAP financial information is provided to enhance the reader's understanding of DMC's financial performance, but no non-GAAP measure should be considered in isolation or as a substitute for financial measures calculated in accordance with GAAP. Reconciliations of the most directly comparable GAAP measures to non-GAAP measures are provided within the schedules attached to this release.

EBITDA is defined as net income plus or minus net interest plus taxes, depreciation and amortization. Adjusted EBITDA excludes from EBITDA stock-based compensation, restructuring and impairment charges and, when appropriate, other items that management does not utilize in assessing DMC's operating performance (as further described in the attached financial schedules). None of these non-GAAP financial measures are recognized terms under GAAP and do not purport to be an alternative to net income as an indicator of operating performance or any other GAAP measure.

Management uses these non-GAAP measures in its operational and financial decision-making, believing that it is useful to eliminate certain items in order to focus on what it deems to be a more reliable indicator of ongoing operating performance. As a result, internal management reports used during monthly operating reviews feature adjusted EBITDA. In addition, management incentive awards are based, in part, on the amount of adjusted EBITDA achieved during relevant periods. Management also believes that investors may find non-GAAP financial measures useful for the same reasons, although investors are cautioned that non-GAAP financial measures are not a substitute for GAAP disclosures. EBITDA and adjusted EBITDA are also used by research analysts, investment bankers and lenders to assess operating performance. For example, a measure similar to adjusted EBITDA is required by the lenders under DMC's credit facility.



Because not all companies use identical calculations, DMC's presentation of non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. However, these measures can still be useful in evaluating the company's performance against its peer companies because management believes the measures provide users with valuable insight into key components of GAAP financial disclosures. For example, a company with greater GAAP net income may not be as appealing to investors if its net income is more heavily comprised of gains on asset sales. Likewise, eliminating the effects of interest income and expense moderates the impact of a company's capital structure on its performance.

All of the items included in the reconciliation from net income to EBITDA and adjusted EBITDA are either (i) non-cash items (e.g., depreciation, amortization of purchased intangibles and stock-based compensation) or (ii) items that management does not consider to be useful in assessing DMC's operating performance (e.g., income taxes, restructuring and impairment charges). In the case of the non-cash items, management believes that investors can better assess the company's operating performance if the measures are presented without such items because, unlike cash expenses, these adjustments do not affect DMC's ability to generate free cash flow or invest in its business. For example, by adjusting for depreciation and amortization in computing EBITDA, users can compare operating performance without regard to different accounting determinations such as useful life. In the case of the other items, management believes that investors can better assess operating performance if the measures are presented without these items because their financial impact does not reflect ongoing operating performance.

About DMC

Based in Boulder, Colorado, DMC operates in two sectors: industrial infrastructure and oilfield products and services. The industrial infrastructure sector is served by DMC's NobelClad business, the world's largest manufacturer of explosion-welded clad metal plates, which are used to fabricate capital equipment utilized within various process industries and other industrial sectors. The oilfield products and services sector is served by DynaEnergetics, an international developer, manufacturer and marketer of advanced explosive components and systems used to perforate oil and gas wells. For more information, visit the Company's website at: <http://www.dmcglobal.com>.

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Safe Harbor Language

Except for the historical information contained herein, this news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including third quarter and full-year 2017 guidance on sales and gross margin, guidance on SG&A, amortization expenses, and an anticipated increase in large project awards in NobelClad's end markets during the second half of 2017 and early 2018. Such statements and information are based on numerous assumptions regarding present and future business strategies, the markets in which we operate, anticipated costs and ability to achieve goals. Forward-looking information and statements are subject to known and unknown risks, uncertainties and other important factors that may cause actual results and performance to be materially different from those expressed or implied by such forward-looking information and statements, including but not limited to: our ability to realize sales from our backlog; our ability to obtain new contracts at attractive prices; the execution of purchase commitments by our customers, and our ability to successfully deliver on those purchase commitments; the size and timing of customer orders and shipments; product pricing and margins, fluctuations in customer demand; our ability to successfully execute and capitalize upon growth opportunities; the success of DynaEnergetics' product and technology development initiatives; fluctuations in foreign currencies, changes to customer orders; the cyclical nature of our business; competitive factors; the timely completion of contracts; the timing and size of expenditures; the timing and price 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; the availability and cost of funds; the outcome of ongoing litigation and regulatory matters; and general economic conditions, both domestic and foreign, impacting our business and the business of the end-market users we serve; as well as the other risks detailed from time to time in the Company's SEC reports, including



the annual report on Form 10-K for the year ended December 31, 2016. We do not undertake any obligation to release publicly revisions to any forward-looking statement, including, without limitation, to reflect events or circumstances after the date of this news release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

DMC GLOBAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in Thousands, Except Share and Per Share Data)
(unaudited)

| | Three months ended | | | Change | |
|---|--------------------|--------------|--------------|------------|--------------|
| | Jun 30, 2017 | Mar 31, 2017 | Jun 30, 2016 | Sequential | Year-on-year |
| NET SALES | \$ 47,190 | \$ 38,962 | \$ 41,317 | 21 % | 14 % |
| COST OF PRODUCTS SOLD | 33,172 | 28,596 | 31,409 | 16 % | 6 % |
| Gross profit | 14,018 | 10,366 | 9,908 | 35 % | 41 % |
| COSTS AND EXPENSES: | | | | | |
| General and administrative expenses | 6,082 | 7,206 | 4,389 | -16 % | 39 % |
| Selling and distribution expenses | 4,492 | 4,482 | 4,497 | — % | — % |
| Amortization of purchased intangible assets | 1,004 | 984 | 1,015 | 2 % | -1 % |
| Restructuring expenses | 458 | — | 829 | n/a | -45 % |
| Total costs and expenses | 12,036 | 12,672 | 10,730 | -5 % | 12 % |
| OPERATING INCOME (LOSS) | 1,982 | (2,306) | (822) | 186 % | 341 % |
| OTHER INCOME (EXPENSE): | | | | | |
| Other income (expense), net | (949) | 421 | 304 | -325 % | -412 % |
| Interest expense, net | (330) | (505) | (396) | 35 % | 17 % |
| INCOME (LOSS) BEFORE INCOME TAXES | 703 | (2,390) | (914) | 129 % | 177 % |
| INCOME TAX PROVISION (BENEFIT) | 514 | 630 | (148) | -18 % | 447 % |
| NET INCOME (LOSS) | 189 | (3,020) | (766) | 106 % | 125 % |
| NET INCOME (LOSS) PER SHARE | | | | | |
| Basic | \$ 0.01 | \$ (0.21) | \$ (0.05) | 105 % | 120 % |
| Diluted | \$ 0.01 | \$ (0.21) | \$ (0.05) | 105 % | 120 % |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: | | | | | |
| Basic | 14,348,353 | 14,270,365 | 14,142,991 | 1 % | 1 % |
| Diluted | 14,348,353 | 14,270,365 | 14,142,991 | 1 % | 1 % |
| DIVIDENDS DECLARED PER COMMON SHARE | \$ 0.02 | \$ 0.02 | \$ 0.02 | | |

DMC GLOBAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in Thousands, Except Share and Per Share Data)
(unaudited)

| | Six months ended | | Change |
|--|------------------|--------------|--------------|
| | Jun 30, 2017 | Jun 30, 2016 | Year-on-year |
| NET SALES | \$ 86,152 | \$ 81,849 | 5 % |
| COST OF PRODUCTS SOLD | 61,768 | 61,556 | — % |
| Gross profit | 24,384 | 20,293 | 20 % |
| COSTS AND EXPENSES: | | | |
| General and administrative expenses | 13,288 | 9,837 | 35 % |
| Selling and distribution expenses | 8,974 | 8,520 | 5 % |
| Amortization of purchased intangible assets | 1,988 | 2,014 | -1 % |
| Restructuring expenses | 458 | 829 | -45 % |
| Total costs and expenses | 24,708 | 21,200 | 17 % |
| OPERATING LOSS | (324) | (907) | 64 % |
| OTHER INCOME (EXPENSE): | | | |
| Other income (expense), net | (529) | 336 | -257 % |
| Interest expense, net | (835) | (559) | -49 % |
| LOSS BEFORE INCOME TAXES | (1,688) | (1,130) | -49 % |
| INCOME TAX PROVISION | 1,144 | 49 | 2,235 % |
| NET LOSS | (2,832) | (1,179) | -140 % |
| LOSS PER SHARE | | | |
| Basic | \$ (0.20) | \$ (0.08) | -150 % |
| Diluted | \$ (0.20) | \$ (0.08) | -150 % |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: | | | |
| Basic | 14,308,954 | 14,071,058 | 2 % |
| Diluted | 14,308,954 | 14,071,058 | 2 % |
| DIVIDENDS DECLARED PER COMMON SHARE | \$ 0.04 | \$ 0.04 | |

DMC GLOBAL INC.
SEGMENT STATEMENTS OF OPERATIONS
(Amounts in Thousands)
(unaudited)

DynaEnergetics

| | Three months ended | | | Change | |
|---|--------------------|--------------|--------------|------------|--------------|
| | Jun 30, 2017 | Mar 31, 2017 | Jun 30, 2016 | Sequential | Year-on-year |
| Net sales | \$ 26,821 | \$ 22,028 | \$ 14,910 | 22 % | 80 % |
| Gross profit | 9,033 | 7,162 | 3,323 | 26 % | 172 % |
| Gross profit percentage | 33.7% | 32.5% | 22.3% | | |
| COSTS AND EXPENSES: | | | | | |
| General and administrative expenses | 2,968 | 3,561 | 1,709 | -17 % | 74 % |
| Selling and distribution expenses | 2,699 | 2,668 | 2,841 | 1 % | -5 % |
| Amortization of purchased intangible assets | 910 | 893 | 919 | 2 % | -1 % |
| Restructuring expenses | 458 | — | 755 | — % | — % |
| Operating income (loss) | 1,998 | 40 | (2,901) | 4,895 % | 169 % |
| Adjusted EBITDA | \$ 4,160 | \$ 1,716 | \$ (443) | 142 % | 1,039 % |

| | Six months ended | | Change | |
|---|------------------|--------------|--------------|--|
| | Jun 30, 2017 | Jun 30, 2016 | Year-on-year | |
| Net sales | \$ 48,849 | \$ 30,390 | 61 % | |
| Gross profit | 16,195 | 9,787 | 65 % | |
| Gross profit percentage | 33.2% | 32.2% | | |
| COSTS AND EXPENSES: | | | | |
| General and administrative expenses | 6,528 | 3,771 | 73 % | |
| Selling and distribution expenses | 5,366 | 5,419 | -1 % | |
| Amortization of purchased intangible assets | 1,803 | 1,823 | -1 % | |
| Restructuring expenses | 458 | 755 | -39 % | |
| Operating income (loss) | 2,040 | (1,981) | 203 % | |
| Adjusted EBITDA | \$ 5,879 | \$ 2,058 | 186 % | |

NobelClad

| | Three months ended | | | Change | |
|---|--------------------|--------------|--------------|------------|--------------|
| | Jun 30, 2017 | Mar 31, 2017 | Jun 30, 2016 | Sequential | Year-on-year |
| Net sales | \$ 20,369 | \$ 16,934 | \$ 26,407 | 20 % | -23 % |
| Gross profit | 5,061 | 3,263 | 6,648 | 55 % | -24 % |
| Gross profit percentage | 24.8% | 19.3% | 25.2% | | |
| COSTS AND EXPENSES: | | | | | |
| General and administrative expenses | 958 | 1,038 | 863 | -8 % | 11 % |
| Selling and distribution expenses | 1,687 | 1,739 | 1,559 | -3 % | 8 % |
| Amortization of purchased intangible assets | 94 | 91 | 96 | 3 % | -2 % |
| Operating income | 2,322 | 395 | 4,130 | 488 % | -44 % |
| Adjusted EBITDA | \$ 3,328 | \$ 1,384 | \$ 5,192 | 140 % | -36 % |

DMC GLOBAL INC.
SEGMENT STATEMENTS OF OPERATIONS
(Amounts in Thousands)
(unaudited)

| | Six months ended | | Change |
|---|------------------|--------------|--------------|
| | Jun 30, 2017 | Jun 30, 2016 | Year-on-year |
| Net sales | \$ 37,303 | \$ 51,459 | -28 % |
| Gross profit | 8,324 | 10,616 | -22 % |
| Gross profit percentage | 22.3% | 20.6% | |
| COSTS AND EXPENSES: | | | |
| General and administrative expenses | 1,996 | 1,848 | 8 % |
| Selling and distribution expenses | 3,427 | 2,938 | 17 % |
| Amortization of purchased intangible assets | 185 | 191 | -3 % |
| Operating income | 2,716 | 5,639 | -52 % |
| Adjusted EBITDA | \$ 4,710 | \$ 7,633 | -38 % |

DMC GLOBAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

| | <u>Jun 30, 2017</u> | <u>Dec 31, 2016</u> | <u>Change</u> |
|---|---------------------|---------------------|---------------|
| | (unaudited) | | From year-end |
| ASSETS | | | |
| Cash and cash equivalents | \$ 8,615 | \$ 6,419 | 34 % |
| Accounts receivable, net | 38,628 | 32,959 | 17 % |
| Inventory, net | 30,893 | 28,833 | 7 % |
| Other current assets | 5,642 | 5,148 | 10 % |
| Total current assets | 83,778 | 73,359 | 14 % |
| Property, plant and equipment, net | 58,123 | 57,133 | 2 % |
| Goodwill, net | 17,167 | 16,097 | 7 % |
| Purchased intangible assets, net | 14,682 | 15,827 | -7 % |
| Other long-term assets | 128 | 139 | -8 % |
| Total assets | \$ 173,878 | \$ 162,555 | 7 % |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Accounts payable | \$ 15,338 | \$ 13,260 | 16 % |
| Accrued anti-dumping duties | 3,593 | 6,550 | -45 % |
| Customer advances | 1,286 | 2,619 | -51 % |
| Dividend payable | 295 | 290 | 2 % |
| Accrued income taxes | 361 | 548 | -34 % |
| Other current liabilities | 8,173 | 7,480 | 9 % |
| Total current liabilities | 29,046 | 30,747 | -6 % |
| Lines of credit | 23,927 | 15,732 | 52 % |
| Deferred tax liabilities | 1,441 | 1,448 | — % |
| Other long-term liabilities | 2,475 | 2,219 | 12 % |
| Stockholders' equity | 116,989 | 112,409 | 4 % |
| Total liabilities and stockholders' equity | \$ 173,878 | \$ 162,555 | 7 % |

DMC GLOBAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)
(unaudited)

| | Three months ended | | |
|---|--------------------|-----------------|-----------------|
| | Jun 30, 2017 | Mar 31, 2017 | Jun 30, 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income (loss) | \$ 189 | \$ (3,020) | \$ (766) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | | |
| Depreciation (including capital lease amortization) | 1,706 | 1,681 | 1,750 |
| Amortization of purchased intangible assets | 1,004 | 984 | 1,015 |
| Amortization of deferred debt issuance costs | 29 | 299 | 42 |
| Stock-based compensation | 811 | 571 | 535 |
| Deferred income tax provision (benefit) | (353) | 346 | (442) |
| Gain (loss) on disposal of property, plant and equipment | (24) | 3 | 23 |
| Restructuring expenses | 458 | — | 829 |
| Change in working capital, net | (1,766) | (6,050) | 1,651 |
| Net cash (used in) provided by operating activities | 2,054 | (5,186) | 4,637 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Acquisition of property, plant and equipment | (518) | (1,649) | (791) |
| Proceeds on sale of property, plant and equipment | — | 2 | 30 |
| Change in other non-current assets | — | — | 16 |
| Net cash used in investing activities | (518) | (1,647) | (745) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Borrowings (repayments) on bank lines of credit, net | 2,000 | 6,000 | (2) |
| Payments on capital lease obligations | — | — | (1) |
| Payment of dividends | (294) | (290) | (287) |
| Payment of deferred debt issuance costs | (27) | (106) | — |
| Net proceeds from issuance of common stock | 154 | — | 189 |
| Treasury stock purchases | (38) | (222) | — |
| Net cash provided by (used in) financing activities | 1,795 | 5,382 | (101) |
| EFFECTS OF EXCHANGE RATES ON CASH | 228 | 88 | 58 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | 3,559 | (1,363) | 3,849 |
| CASH AND CASH EQUIVALENTS, beginning of the period | 5,056 | 6,419 | 5,595 |
| CASH AND CASH EQUIVALENTS, end of the period | \$ 8,615 | \$ 5,056 | \$ 9,444 |

DMC GLOBAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)
(unaudited)

| | Six months ended | |
|---|------------------|--------------|
| | Jun 30, 2017 | Jun 30, 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (2,832) | \$ (1,179) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation (including capital lease amortization) | 3,387 | 3,264 |
| Amortization of purchased intangible assets | 1,988 | 2,014 |
| Amortization of deferred debt issuance costs | 328 | 83 |
| Stock-based compensation | 1,382 | 1,121 |
| Deferred income tax provision (benefit) | (7) | (732) |
| Gain (loss) on disposal of property, plant and equipment | (21) | 12 |
| Restructuring expenses | 458 | 829 |
| Change in working capital, net | (7,816) | 3,030 |
| Net cash (used in) provided by operating activities | (3,133) | 8,442 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of property, plant and equipment | (2,167) | (1,226) |
| Proceeds on sale of property, plant and equipment | 2 | 30 |
| Change in other non-current assets | — | 36 |
| Net cash used in investing activities | (2,165) | (1,160) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Borrowings (repayments) on bank lines of credit, net | 8,000 | (4,000) |
| Payments on capital lease obligations | — | (3) |
| Payment of dividends | (584) | (571) |
| Payment of deferred debt issuance costs | (133) | — |
| Net proceeds from issuance of common stock | 154 | 189 |
| Treasury stock purchases | (260) | — |
| Net cash provided by (used in) financing activities | 7,177 | (4,385) |
| EFFECTS OF EXCHANGE RATES ON CASH | 317 | 256 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | 2,196 | 3,153 |
| CASH AND CASH EQUIVALENTS, beginning of the period | 6,419 | 6,291 |
| CASH AND CASH EQUIVALENTS, end of the period | \$ 8,615 | \$ 9,444 |

DMC GLOBAL INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS TO MOST
DIRECTLY COMPARABLE GAAP FINANCIAL MEASUREMENTS
(Amounts in Thousands)
(unaudited)

DMC Global

EBITDA and Adjusted EBITDA

| | Three months ended | | | Change | |
|---|--------------------|---------------|-----------------|--------------|--------------|
| | Jun 30, 2017 | Mar 31, 2017 | Jun 30, 2016 | Sequential | Year-on-year |
| Net income (loss) | \$ 189 | \$ (3,020) | \$ (766) | 106 % | 125 % |
| Interest expense | 330 | 506 | 397 | -35 % | -17 % |
| Interest income | — | (1) | (1) | 100 % | 100 % |
| Income tax provision | 514 | 630 | (148) | -18 % | 447 % |
| Depreciation | 1,706 | 1,681 | 1,750 | 1 % | -3 % |
| Amortization of purchased intangible assets | 1,004 | 984 | 1,015 | 2 % | -1 % |
| EBITDA | 3,743 | 780 | 2,247 | 380 % | 67 % |
| Restructuring | 458 | — | 829 | — % | -45 % |
| Stock-based compensation | 811 | 571 | 535 | 42 % | 52 % |
| Other (income), net | 949 | (421) | (304) | 325 % | 412 % |
| Adjusted EBITDA | \$ 5,961 | \$ 930 | \$ 3,307 | 541 % | 80 % |

| | Six months ended | | Change |
|---|------------------|-----------------|--------------|
| | Jun 30, 2017 | Jun 30, 2016 | Year-on-year |
| Net loss | \$ (2,832) | \$ (1,179) | -140 % |
| Interest expense | 836 | 561 | 49 % |
| Interest income | (1) | (2) | 50 % |
| Income tax provision | 1,144 | 49 | 2,235 % |
| Depreciation | 3,387 | 3,264 | 4 % |
| Amortization of purchased intangible assets | 1,988 | 2,014 | -1 % |
| EBITDA | 4,522 | 4,707 | -4 % |
| Restructuring | 458 | 829 | -45 % |
| Stock-based compensation | 1,382 | 1,121 | 23 % |
| Other (income), net | 529 | (336) | 257 % |
| Adjusted EBITDA | \$ 6,891 | \$ 6,321 | 9 % |

DMC GLOBAL INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS TO MOST
DIRECTLY COMPARABLE GAAP FINANCIAL MEASUREMENTS
(Amounts in Thousands)
(unaudited)

Adjusted operating income (loss)

| | Three months ended | | | Change | |
|--------------------------------------|--------------------|-------------------|--------------|------------|--------------|
| | Jun 30, 2017 | Mar 31, 2017 | Jun 30, 2016 | Sequential | Year-on-year |
| Operating income (loss), as reported | \$ 1,982 | \$ (2,306) | \$ (822) | 186% | 341% |
| Restructuring programs: | | | | | |
| DynaEnergetics | (458) | — | (755) | —% | 39% |
| Corporate | — | — | (74) | —% | 100% |
| Adjusted operating income (loss) | <u>\$ 2,440</u> | <u>\$ (2,306)</u> | <u>\$ 7</u> | 206% | 34,757% |

| | Six months ended | | Change |
|----------------------------------|------------------|----------------|--------------|
| | Jun 30, 2017 | Jun 30, 2016 | Year-on-year |
| Operating loss, as reported | \$ (324) | \$ (907) | 64% |
| Restructuring programs: | | | |
| DynaEnergetics | (458) | (755) | 39% |
| Corporate | — | (74) | 100% |
| Adjusted operating income (loss) | <u>\$ 134</u> | <u>\$ (78)</u> | 272% |

DMC GLOBAL INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS TO MOST
DIRECTLY COMPARABLE GAAP FINANCIAL MEASUREMENTS
(Amounts in Thousands)
(unaudited)

Adjusted Diluted Earnings (Loss) per Share

| | Three months ended June 30, 2017 | | | |
|--------------------------------------|----------------------------------|-----------------|-------------------|------------------|
| | Pretax | Tax | Net | Diluted EPS |
| Net income, as reported | \$ 703 | \$ 514 | \$ 189 | \$ 0.01 |
| Restructuring programs: | | | | |
| DynaEnergetics | (458) | — | (458) | (0.03) |
| Corporate | — | — | — | — |
| Net income, excluding charges | <u>\$ 1,161</u> | <u>\$ 514</u> | <u>\$ 647</u> | <u>\$ 0.04</u> |
| | | | | |
| | Three months ended June 30, 2016 | | | |
| | Pretax | Tax | Net | Diluted EPS |
| Net loss, as reported | \$ (914) | \$ (148) | \$ (766) | \$ (0.05) |
| Restructuring programs: | | | | |
| DynaEnergetics | (755) | (224) | (531) | (0.04) |
| Corporate | (74) | — | (74) | — |
| Net income (loss), excluding charges | <u>\$ 894</u> | <u>\$ 210</u> | <u>\$ 684</u> | <u>\$ 0.04</u> |
| | | | | |
| | Six months ended June 30, 2017 | | | |
| | Pretax | Tax | Net | Diluted EPS |
| Net loss, as reported | \$ (1,688) | \$ 1,144 | \$ (2,832) | \$ (0.20) |
| Restructuring programs: | | | | |
| DynaEnergetics | (458) | — | (458) | (0.03) |
| Net income (loss), excluding charges | <u>\$ (1,230)</u> | <u>\$ 1,144</u> | <u>\$ (2,374)</u> | <u>\$ (0.17)</u> |
| | | | | |
| | Six months ended June 30, 2016 | | | |
| | Pretax | Tax | Net | Diluted EPS |
| Net loss, as reported | \$ (1,130) | \$ 49 | \$ (1,179) | \$ (0.08) |
| Restructuring programs: | | | | |
| DynaEnergetics | (755) | (224) | (531) | (0.04) |
| Corporate | (74) | — | (74) | — |
| Net income (loss), excluding charges | <u>\$ (301)</u> | <u>\$ 273</u> | <u>\$ (574)</u> | <u>\$ (0.04)</u> |

DMC GLOBAL INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASUREMENTS TO MOST
DIRECTLY COMPARABLE GAAP FINANCIAL MEASUREMENTS
(Amounts in Thousands)
(unaudited)

DynaEnergetics

| | Three months ended | | | Change | |
|---------------------------------------|--------------------|--------------|--------------|------------|--------------|
| | Jun 30, 2017 | Mar 31, 2017 | Jun 30, 2016 | Sequential | Year-on-year |
| Operating income (loss) | \$ 1,998 | \$ 40 | \$ (2,901) | 4,895% | 169 % |
| Adjustments: | | | | | |
| Restructuring | 458 | — | 755 | —% | -39 % |
| Depreciation | 794 | 783 | 784 | 1% | 1 % |
| Amortization of purchased intangibles | 910 | 893 | 919 | 2% | -1 % |
| Adjusted EBITDA | \$ 4,160 | \$ 1,716 | \$ (443) | 142% | 1,039 % |

| | Six months ended | | Change |
|---------------------------------------|------------------|--------------|--------------|
| | Jun 30, 2017 | Jun 30, 2016 | Year-on-year |
| Operating income (loss) | \$ 2,040 | \$ (1,981) | 203 % |
| Adjustments: | | | |
| Restructuring | 458 | 755 | -39 % |
| Depreciation | 1,578 | 1,461 | 8 % |
| Amortization of purchased intangibles | 1,803 | 1,823 | -1 % |
| Adjusted EBITDA | \$ 5,879 | \$ 2,058 | 186 % |

NobelClad

| | Three months ended | | | Change | |
|---------------------------------------|--------------------|--------------|--------------|------------|--------------|
| | Jun 30, 2017 | Mar 31, 2017 | Jun 30, 2016 | Sequential | Year-on-year |
| Operating income | \$ 2,322 | \$ 395 | \$ 4,130 | 488% | -44 % |
| Adjustments: | | | | | |
| Depreciation | 912 | 898 | 966 | 2% | -6 % |
| Amortization of purchased intangibles | 94 | 91 | 96 | 3% | -2 % |
| Adjusted EBITDA | \$ 3,328 | \$ 1,384 | \$ 5,192 | 140% | -36 % |

| | Six months ended | | Change |
|---------------------------------------|------------------|--------------|--------------|
| | Jun 30, 2017 | Jun 30, 2016 | Year-on-year |
| Operating income | \$ 2,716 | \$ 5,639 | -52 % |
| Adjustments: | | | |
| Depreciation | 1,809 | 1,803 | — % |
| Amortization of purchased intangibles | 185 | 191 | -3 % |
| Adjusted EBITDA | \$ 4,710 | \$ 7,633 | -38 % |